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Periodic Requirements List

WESTERN AND NORTHERN EUROPE

1 April 1959 - 31 July 1959

Austria

East-West Trade

1. Recent reporting indicates that West European insurance firms, which serve as representatives of the Soviet State Insurance firm, INDOESTRAKE, may be handling insurance for illegal East-West trade and may also be serving as a medium for Soviet industrial espionage activities. A new Soviet-controlled insurance company, the GARANT VERSICHERUNGSGESELLSCHAFT A. G., has recently been established in Austria for the purpose of insuring commercial trans-action between the Soviet Bloc and Austria. The only other insurance company in Austria known to engage extensively in insuring shipments to the Bloc is JAUCH UND KUEBNER INSURANCE AGENCY, Vienna, a branch of the West German firm by the same name.

a. Report on the activities of the above mentioned, or other Austrian firms insuring East-West trade. Indicate the extent of Soviet control of these firms. (C)

b. Are any of these firms known to insure illegal trade or acquire information from Western firms they insure, which might be considered useful for commercial or industrial espionage purposes? (C)

2. Austrian traders operating clandestinely through Switzerland and Yugoslavia have become much more active during recent months in supplying numerous U. S. origin materials to the USSR and Communist China. Significant diversions or attempted diversions reported during this period include U. S. jeeps, aircraft equipment and mining gear. It is believed likely that many of the traders are, at least, informally connected through ownership or control of trading firms. Their use of Swiss and Yugoslav "fronts" appears to be designed to mask larger operations by the firms concerned, and to cloak the actual destination of the shipments.

a. Indicate any recent information which indicates increased use of Austria for transit of clandestine shipments to the Bloc. Identify the firms and individuals involved in such trade. Provide reasons for the increased activity of Austrian East-West traders. (C)

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b. Identify foreign firms used to cloak illegal operations by Austrian traders (e.g. Etab. Minax Trust, Vaduz, Liechtenstein.) Report any illegal transactions involving such firms in the greatest possible detail. (C)

c. Establish relationships between Austrian East-West traders, especially if a single firm or individual can be identified as controlling the operations of others. (C)

France

East-West Trade

1. Poland, Czechoslovakia and Hungary reportedly have recently placed orders for embargoed type microwave equipment from the SOCIETE FRANCAISE RADIO-ELECTRIQUE (SFR) of Paris (cable address TELONNE). SFR is an affiliate of the COMPAGNIE GENERALE DE TELECOMMUNICATIONS (cable address TESART).

25X1C5b [REDACTED] cited SFR as one of the Western firms involved in supplying embargoed communications equipment to the Sino-Soviet Bloc. One method described by source as proposed by SFR for delivering these goods to Hungary was to include embargoed link equipment in a larger shipment of non-embargoed items such as television studio equipment.

a. Develop information as to whether SFR is shipping the above mentioned microwave equipment or other embargoed type telecommunications or electronic equipment to the Sino-Soviet Bloc. (C)

Italy

East-West Trade

1. Diversion of Italian origin borax to the Soviet Bloc has been under extensive investigation recently. In view of the enforcement activities of U. S., Italian, and Swedish officials, diverters may develop new techniques or possibly new sources of supply. Recent information concerning shipments of borax from the firm LARDARELLO, Italy's largest exporter of borax, indicates the development of a new large-scale diversion pattern via Syria and/or Spain to the Bloc.

a. Provide all available background concerning new plans or operations by trading firms, including the above-mentioned diversion pattern via Syria and/or Spain, including the identity of all firms and individuals involved, the routing and transportation facilities used, and the methods utilized for evading Italian or Western countries' security trade controls. (C)

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2. It has been reported that the Communist Chinese recently ordered the use of Trieste rather than Rijeka for shipping and on-forwarding of goods purchased from or sold to the West and the European Bloc.

a. Provide information on any illegal shipments being shipped via Trieste to the Sino-Soviet Bloc. Provide manifest data, if available. How permanent is this shipping arrangement via Trieste, rather than via Rijeka, considered? (C)

The Netherlands

1. One of the largest and certainly the most effective diverter of Free World borax is the Netherlands firm, Gebrs. MELMAN. In spite of varied and comprehensive efforts of COCOM countries to curtail the activities of the firm, this firm continues to obtain large quantities of Free World borax through the use of front firms and/or affiliates.

a. Identify Melman's "fronts", affiliates, and sources of supply. Explain his method of operation -- i.e., where and how he obtains his supplies; who handles the shipments; how the borax is routed to the Soviet Bloc; and who are his Bloc contacts. (C)

Norway

East-West Trade

1. A Norwegian East-West trader, Knut A. Bach of Oslo, was reportedly involved in a diversion of 300 Willys jeeps to Communist China via Yugoslavia. Only recently, another attempt was reported by a Yugoslav firm to divert 300 Willys jeeps via Austria. In view of the size of the diversion, an investigation is being initiated to discover a tie-in between the two diversion attempts.

a. Provide details on the Bach diversion attempt, with major emphasis on connecting the firm or the specific transaction with Yugoslav, French, Belgium and Austrian traders. (C)

b. Report any attempts by Norwegian traders to obtain control of, or to ship large quantities of jeeps. Indicate parties of interest and intended destinations. (C)

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Spain

East-West Trade

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25X1X7N3

1. A major investigation being conducted by [REDACTED] involves the diversion of embargoed electronic instruments through a Swiss intermediary, Alexander Botex COMBOA, to Communist China. The Swiss firm alleges that the goods have been illegally imported into Spain by the Spanish Air Force to avoid Spanish financial controls. There is no reason to believe the goods did not enter Spain, but it is doubtful that they remained there.

a. Comment on the credibility of the Swiss intermediary's allegation. Are Free World goods being diverted through Spain or with the aid of Spanish residents? Describe such situations, emphasizing re-exports from Switzerland. (C)

Sweden

East-West Trade

1. A large percentage of the most recent significant diversions of strategic materials have either passed through Sweden, used Swedish consignees as "Blinds", or have been arranged by Swedish freight forwarders or traders.

a. Provide information on the participation of Swedish firm and individuals currently engaged in illegal shipments of strategic goods to the Sino-Soviet Bloc. (C)

Switzerland

East-West Trade

1. Recent investigations of reported large scale diversions of U. S. and UK origin electronic instruments to Communist China by Swiss traders are currently being reviewed by the Swiss Government. Evidence to date indicates that the U. S. goods were exported to the Swiss firm FARRER-WERKE, A.C. (occasionally via the UK purchaser J. TOUNKIN LTD.) who turned the shipments over to Alexander Botex COMBOA. The Basel forwarding firm, GENERAL TRANSPORT, (acting on behalf of the Communist Party firms, POLYCOMEX, S.A., and SERTI, S. A. of Geneva) received the material from Comboa's forwarder, TRAMARSA (Societe Anonyme Transports Internationaux Tramarsa), Geneva, for forwarding to Red China. Comboa reportedly is the central figure in this purchase operation on behalf of Chinese and other Communist organizations and is said to receive current Red Chinese specifications and orders directly from the firms Polycomex and Serti. This group has also been reported more recently to be involved in diversions of U. S. origin goods through Havana, Cuba.

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a. Report any available information on these alleged diversions to the Sino-Soviet Bloc of Western origin electronic equipment, including the origin, routing and ultimate destination of such shipments. Identify participants in these transactions, e.e., the Gomboa-Farner Werxa network or any other firms that may be acting on their behalf. (C)

b. Is there any evidence that the Gomboa group is acting on behalf of the China National Import Export Corporation (CNIEC), located in Bern? (C)

c. There have been rumors that the CNIEC is currently centering its activities in Zurich, rather than Bern. Provide information to confirm or refute these allegations. If so, describe its current operations at Zurich, including contacts with Western and Soviet Bloc trade missions or representatives. (C)

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